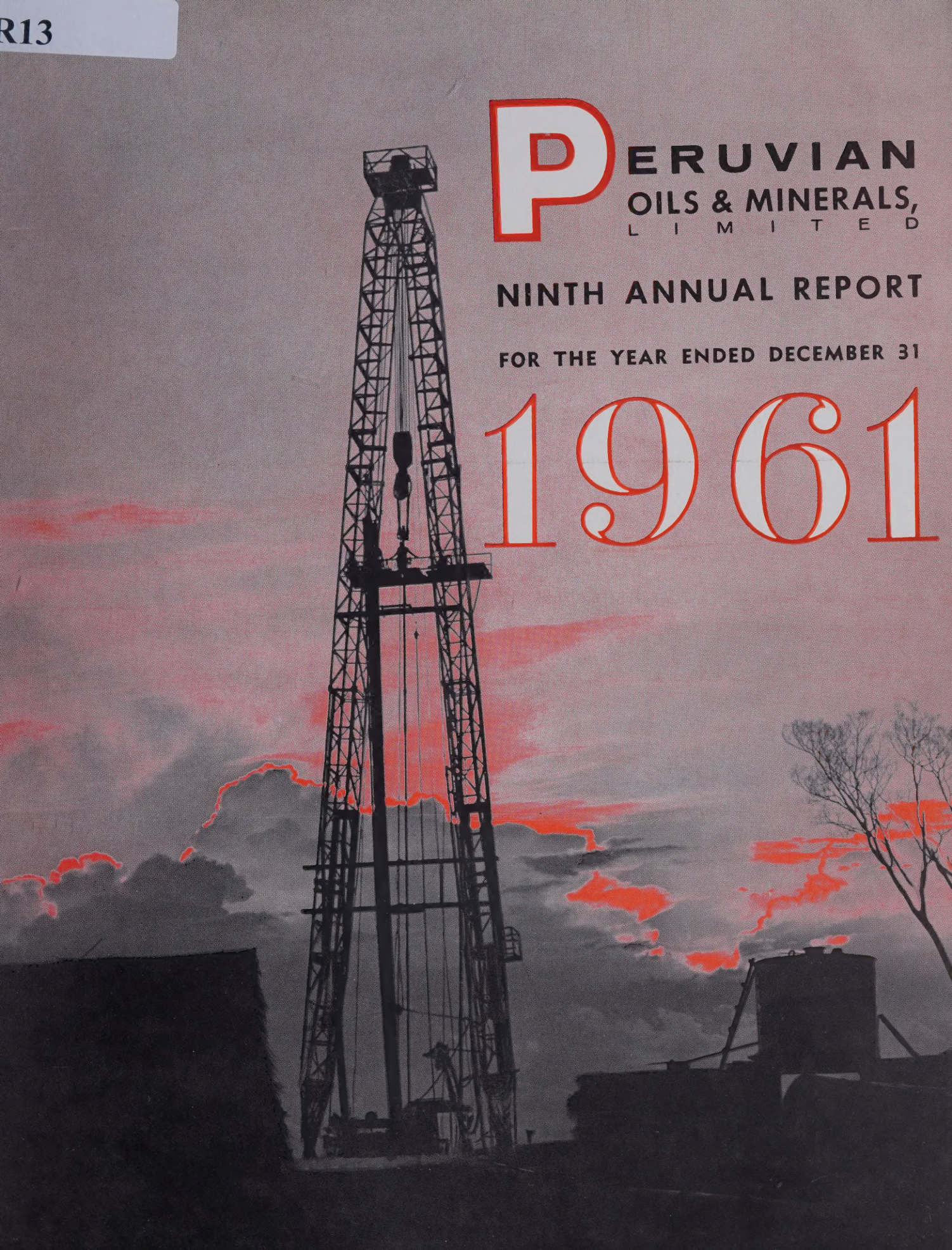
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# PERUVIAN OILS & MINERALS, LIMITED

## NINTH ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

# 1961

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# PERUVIAN OILS & MINERALS, LIMITED

**OFFICERS**

J. J. COYLE, President - - - - - - - - - Dallas, Texas

J. J. RANKIN, Vice-President and Managing Director Toronto, Ontario

S. H. ROBINSON, Q.C., Secretary - - - - - Toronto, Ontario

W. STEUERMAN, C.A., Treasurer - - - - - Toronto, Ontario

**TRANSFER AGENTS AND REGISTRARS**

The Sterling Trusts Corporation, Toronto, Ontario

Republic National Bank of Dallas, Dallas, Texas

**HEAD OFFICE**

Suite 904 - 85 Richmond Street West, Toronto, Ontario

**PERUVIAN OFFICE**

Edificio Republica, Lima, Peru

**UNITED STATES OFFICE**

Suite 1021, 1511 Bryan Street, Dallas 1, Texas

**BANKERS**

Canadian Imperial Bank of Commerce - - - - Toronto 1, Ontario

Chase Manhattan Bank - - - - - - - - New York, N.Y.

Republic National Bank of Dallas - - - - - - Dallas Texas

# PERUVIAN OILS & MINERALS, LIMITED

## President's Letter

To Our Shareholders:

During the year ended December 31, 1961, progress was made on your Company's enterprises in both South America and Canada. Peruvian Oils and Minerals, Ltd. continued its policy of working in cooperation with other firms to realize maximum benefits from funds invested in the Company. This policy of joint risk, particularly in exploration ventures, also gave your Company access to the technical and financial resources of its corporate partners.

### Earnings

Sales of crude oil and natural gas from your Company's Pembina Field Properties in Alberta, Canada, resulted in an income of $122,780, after royalties and operating expenses, but before depletion, amortization and depreciation. Income from these oil and gas sales covered all operating expenses for the year ending December 31, 1961. In addition, we were able to cover depletion, amortization and depreciation charges amounting to $48,174. This left a net of $18,121 which was applied against development and exploratory costs of properties which were abandoned from 1954 through 1961.

### Peruvian Operations

Progress on our Peruvian venture was most satisfactory during the year 1961.

On April 30, 1961 drilling was commenced at Aguaytia No. 1 on the western structure of our Pachitea concession in association with Mobil Oil Company del Peru, Compania Peruanna de Petroleo "El Oriente," Gewerkschaft Elwerath Erdoelwerke, Deutsche Erdoel Aktiengesellschaft and Wintersall Aktiengesellschaft. Aguaytia No. 1 was drilled to a depth of 9,094 feet by January 1, 1962, and was completed as a gas well.

A recent report for Mobil Oil, our major corporate partner in this venture, is highly encouraging and confirms earlier indications of the potential of Aguaytia No. 1.

The report was a long and detailed technical summary of results from various tests made on Aguaytia No. 1. As a stockholder of the Company, you will be most interested in the section on "Evaluation" which indicates that there are potentially an estimated 1.5 trillion cubic feet of recoverable gas and 53 million barrels of recoverable condensate in this Aguaytia structure. Following is an abstract from the report detailing this evaluation.

"If it is assumed that the present structural interpretation is essentially correct and that there are no major facie changes in the Cushabatay sandstone, several reserve calculations can be made.

"If a common water contact (—7654') exists for the above Cushabatay sand zones, there would be a vertical gas/condensate column in the well of 353 feet, of which 250 feet has fair-to-good porosity. This would not include the prospective Aguanuya section. The productive area extent would be 11,700 acres of the potential 40,000 acres of closure. This represents a proven closure 19 kilometers long and 5 kilometers wide. There are 1,751,450 feet proven, or an estimated 1.5 trillion cubic feet of recoverable gas with some 53 million barrels of recoverable condensate."

Your Company's financial interest in this venture includes a 33-1/3 per cent carried interest in our farm out to Mobil International plus a 1¼ per cent working interest in the adjoining property where the well was completed.

A second significant event of the year 1961 in our Peruvian area of operation was the launching of preliminary studies to determine the feasibility of putting in a gas pipeline to connect our field to the city of Lima. This evaluation is being undertaken by Mobil Oil and Associates. Total cost of this line from the Aguaytia field to Lima, a city of 1,200,000 people, will be in excess of $56,000,000.

## Canadian Operations

The year 1961 saw significant progress in your Company's subsidiary, Marchant Mining Company Ltd. This subsidiary joined with



MINING PLANT AT MARBRIDGE MINES LIMITED

Falconbridge Nickel Mines, Limited, to create Marbridge Mines, Limited, a company to develop the nickel property in La Motte Township, Quebec.

During the past year, development of the mine on the La Motte property and construction of the plant were virtually completed and the mill is now being operated on a tune-up basis with the production of some concentrate.

Marchant has received excellent reports on ore reserves in this property. During the year, the shaft was completed to a depth of 809 feet with the bottom working level established at 750 feet. Originally, ore reserves had been calculated down to 600 feet, however, results on the 750 foot level proved the continuity of ore through that horizon and indicated that establishing a level at 900 feet would be justified. This sinking commenced during April, 1962, and was completed in May. Plans are to test the 900 foot level and to drill below it.

The fact that ore has been located at the 750 foot level is significant and encouraging for the future of Marchant Mining Company, Ltd.

No work was done on the property of Marmattagami Mines, Ltd. which adjoins Mattagami Lake Mines Ltd. on the north. Marchant Mines holds 150,000 vendor shares of Marmattagami and can increase this position by exercising its option to take down further shares from the Marmattagami Mines treasury. Sufficient work has been done to hold the claims for an additional three years.

Marchant Mines also retained its wholly-owned group of 15 claims in Cavelier Township, Quebec, lying to the west of Mattagami Lake Mines, Ltd. These claims are in good standing for another three years.

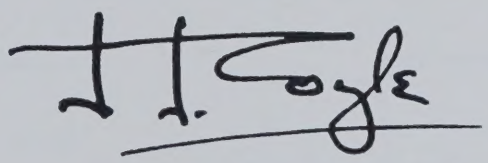
The farm out agreement, under which Marchant has a carried interest in seven oil and gas exploration permits in the Northwest Territories was in effect during the year.

The loan to Marchant Mining Company from Peruvian Oils & Minerals, Limited, shown on the year-end balance sheet has now been repaid.

Please refer to the Marchant Mining Company's annual report for more detailed explanation of their activities.

The accumulation of natural gas encountered in the huge Aguaytia structure has given your Company a firm foundation on which to build for the future. This year should develop a schedule on which the delivery of gas to Lima can be projected. The realization of actual products from Marchant nickel property is with us. In 1962 we will see this property become a substantial earnings producer.

Sincerely,



President

June 5th, 1962

# PERUVIAN OILS &

(Incorporated under t

## Balance

As at December 31, 1961 (wit

## ASSETS

| | 1961 | 1960 |
|---|---|---|
| **Current:** | | |
| Cash: | | |
| In Canada | $ 64,272 | $ 70,528 |
| In the United States | 56,299 | 85,128 |
| In Peru | 25,761 | 13,410 |
| | 146,332 | 169,066 |
| Marketable securities — at cost: | | |
| Bonds | — | 23,863 |
| Accrued interest receivable | 2,918 | 1,131 |
| Due from participants in joint ventures | 34,260 | 20,228 |
| Other accounts receivable | 16,892 | 9,529 |
| Prepaid expenses | 2,388 | 3,150 |
| Total current assets | 202,790 | 226,967 |
| **Investments:** | | |
| Marchant Mining Company Ltd. (a subsidiary): | | |
| Shares — at cost (Note 2) | 124,001 | 124,001 |
| Advance | 30,000 | 30,000 |
| Compania Minera Toronto S.A.: | | |
| Shares — at cost | 34,047 | 34,047 |
| Advance | 5,484 | — |
| Total investments | 193,532 | 188,048 |
| **Property and Equipment** — at cost less accumulated depreciation and depletion | 739,762 | 775,541 |
| **Exploratory and Development Costs** | 1,331,381 | 1,200,253 |
| **Other Assets:** | | |
| Deposits | 6,065 | 10,425 |
| Option advance — Compania Minera Toronto S.A. (Note 3) | 1,938 | — |
| Organization expenses | 8,658 | 8,658 |
| | 16,661 | 19,083 |
| TOTAL | $2,484,126 | $2,409,892 |

The accompanying notes are

# MINERALS, LIMITED

rporations Act, Ontario)

## Sheet

960 figures for comparison)

## LIABILITIES

| | 1961 | 1960 |
|---|---|---|
| **Current:** | | |
| Accounts payable and accrued liabilities | $ 101,996 | $ 39,874 |
| **Capital Stock** (Note 4): | | |
| Authorized — 5,000,000 shares par value $1.00 each | | |
| Issued and outstanding — 2,815,005 shares including 470,000 shares issued for property | 2,815,005 | 2,815,005 |
| Less net discount | 327,420 | 327,420 |
| | 2,487,585 | 2,487,585 |
| **Deficit** | (105,455) | (117,567) |
| TOTAL | $2,484,126 | $2,409,892 |

( ) Denotes deduction.

Approved on behalf of the Board:

J. J. COYLE, Director

J. J. RANKIN, Director

gral part of this statement.

# PERUVIAN OILS & MINERALS, LIMITED

## STATEMENT OF PROPERTY AND EQUIPMENT

FOR THE PERIOD FROM MAY 8, 1952 TO DECEMBER 31, 1961

| | | |
|---|---|---|
| **South America (Peru):** | | |
| Oil concessions: | | |
| Original deposits (net of refunds and recoveries) | $111,497 | |
| Additional cost on concession acquired at auction | 389 | |
| Concession title charge | 18,414 | |
| | 130,300 | |
| Add: | | |
| Shares issued at par for commissions and services relating to investigations and negotiations for oil concessions | 70,000 | $200,300 |
| Office furniture and fixtures — at cost | 3,992 | |
| Less accumulated depreciation | 2,376 | 1,616 |
| Total property in South America | | 201,916 |
| **Western Canada (Alberta):** | | |
| Oil leases — at cost: | | |
| Cash | 64,469 | |
| Shares issued at a premium of 25¢ each | 500,000 | |
| | 564,469 | |
| Less accumulated depletion | 139,221 | 425,248 |
| Machinery and equipment — at cost | 139,530 | |
| Less accumulated depreciation | 26,932 | 112,598 |
| Total property in Canada | | 537,846 |
| Total property and equipment | | $739,762 |

The accompanying notes are an integral part of this statement.

# PERUVIAN OILS & MINERALS, LIMITED

## STATEMENT OF EXPLORATORY AND DEVELOPMENT COSTS

FOR THE PERIOD FROM MAY 8, 1952 TO DECEMBER 31, 1961

| | Expenditure to December 31, 1960 | Expenditure During The Year | Total Expenditure to December 31, 1961 |
|---|---|---|---|
| **Exploratory and Development Expenses in Peru:** | | | |
| Geological fees and expenses | $141,835 | $ 2,387 | $144,222 |
| Survey and topographical expenses | 208,996 | 18,386 | 227,382 |
| Legal and accounting fees | 58,943 | 3,987 | 62,930 |
| Annual surface taxes | 222,951 | 34,914 | 257,865 |
| Salaries and wages | 72,115 | 110 | 72,225 |
| Travel and transportation | 39,250 | 230 | 39,480 |
| Drilling | 49,291 | 31,700 | 80,991 |
| Depreciation of furniture and fixtures | 2,178 | 285 | 2,463 |
| Other development expenses | 129,749 | 31,172 | 160,921 |
| Foreign exchange adjustments | 21,862 | (1,678) | 20,184 |
| Interest earned and sundry credits | (17,598) | (1,101) | (18,699) |
| | 929,572 | 120,392 | 1,049,964 |
| Less: | | | |
| Surrendered and annulled concessions | 118,052 | — | 118,052 |
| Net exploratory and development expenses in Peru | 811,520 | 120,392 | 931,912 |
| **Joint Venture Explorations:** | | | |
| In Chile | 5,042 | 967 | 6,009 |
| In Peru | — | 5,053 | 5,053 |
| | 5,042 | 6,020 | 11,062 |
| **Development Expenses in Canada (Alberta):** | | | |
| Water flooding pressure maintenance program — | | | |
| Pembina Cardium Unit No. 4 | 75,023 | 1,708 | 76,731 |
| Less amortization | 3,894 | 3,856 | 7,750 |
| | 71,129 | (2,148) | 68,981 |
| **General and Administrative Expenses:** | | | |
| Salaries of directors and officers | 95,276 | 6,000 | 101,276 |
| Other salaries and wages | 29,710 | — | 29,710 |
| Travel and transportation | 54,968 | 5,199 | 60,167 |
| Legal and accounting fees | 79,174 | 12,510 | 91,684 |
| Other general expenses | 270,199 | 51,602 | 321,801 |
| Foreign exchange adjustments | (7,760) | (2,387) | (10,147) |
| Interest earned and sundry credits | (95,226) | (3,566) | (98,792) |
| Carried forward | $426,341 | $ 69,358 | $495,699 |

# PERUVIAN OILS & MINERALS, LIMITED

## STATEMENT OF EXPLORATORY AND DEVELOPMENT COSTS

Continued

FOR THE PERIOD FROM MAY 8, 1952 TO DECEMBER 31, 1961

| | Expenditure to December 31, 1960 | Expenditure During The Year | Total Expenditure to December 31, 1961 |
|---|---|---|---|
| **General and Administrative Expenses:** | | | |
| Brought forward | $ 426,341 | $ 69,358 | $ 495,699 |
| Less amount charged to operations | 113,779 | 56,485 | 170,264 |
| Net general and administrative expenses | 312,562 | 12,873 | 325,435 |
| TOTAL | $1,200,253 | $ 137,137 | $1,337,390 |
| **Less Amounts Written off in 1961:** | | | |
| Joint Venture Exploration in Chile abandoned | | | 6,009 |
| TOTAL EXPLORATORY AND DEVELOPMENT COSTS | | | $1,331,381 |

( ) Denotes deduction.

The accompanying notes are an integral part of this statement.

# PERUVIAN OILS & MINERALS, LIMITED

## STATEMENT OF OPERATIONS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1961 (with 1960 figures for comparison)

| | 1961 | 1960 |
|---|---|---|
| **Sale of Crude Oil and Natural Gas** | $162,946 | $169,699 |
| **Production Expenses:** | | |
| Operating expenses | 21,667 | 25,108 |
| Lease rental expenses | 1,405 | 1,385 |
| Field facility and gas collection expenses | 14,716 | 13,235 |
| Insurance and taxes | 2,378 | 1,367 |
| Depletion of oil leases | 36,289 | 40,265 |
| Amortization of development costs | 3,856 | 3,894 |
| Depreciation of machinery and equipment | 8,029 | 8,704 |
| Total production expenses | 88,340 | 93,958 |
| **General and Administrative Expenses** | 56,485 | 49,245 |
| Total expenses | 144,825 | 143,203 |
| **Net Income from Operations for the Year** | 18,121 | $ 26,496 |
| **Deficit, December 31, 1960** | 117,567 | |
| | 99,446 | |
| **Less Exploratory and Development Costs Written off —** | | |
| Joint Venture Exploration in Chile abandoned | 6,009 | |
| **Deficit, December 31, 1961** | $105,455 | |

The accompanying notes are an integral part of this statement.

# PERUVIAN OILS & MINERALS, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1961

1. Peruvian soles have been converted to Canadian dollars at the following rates: current assets and current liabilities at the current exchange rate; certain expenditures for oil concessions at the exchange rates prevailing on the dates of payment to the Peruvian Government; other assets and capitalized expenses at the average exchange rates for the calendar years in which the expenditures were made. United States dollars included in cash have been converted to Canadian dollars at the current exchange rate.

2. The number of shares in Marchant Mining Company Ltd. held at December 31, 1961 was 1,500,000, of which 855,650 were held in escrow subject to direction by the Securities Commissions of Ontario and Quebec, and the directors of Marchant Mining Company Ltd.

3. The company has entered into an option agreement to purchase 375 shares in Compania Minera Toronto S.A. at a cost of U.S. $18,750.00. In accordance with the terms of the agreement, an option advance of 10% of the principal sum was made during 1961. The option expires on October 1, 1962, provision being made that in the event of the option not being exercised, Compania Minera Toronto S.A. will be put into liquidation.

4. Incentive options granted to certain executive officers of the company to purchase 100,000 shares at $2.00 per share and 50,000 shares at $1.00 per share are outstanding and expire on May 5, 1962 and October 31, 1962 respectively, provision being made for termination of a portion of the option upon the optionee's ceasing to hold office.

5. The company is currently committed, under various participating agreements, to further contributions of approximately $10,000 toward the cost of exploration and development in Peru.

6. Income taxes of $17,500.00 which would otherwise have been payable on the income of the year have been deferred by claiming development expenses and capital cost allowances for tax purposes in excess of amounts charged to income in the accounts. The net accumulated amount by which income taxes otherwise payable have been so reduced, including adjustments in estimates of income taxes otherwise payable in prior years, is $79,000.00.

## AUDITORS' REPORT

To the Shareholders of
Peruvian Oils & Minerals, Limited:

We have examined the balance sheet of Peruvian Oils & Minerals, Limited as at December 31, 1961 and the statements of property and equipment, exploratory and development costs, and operations and deficit for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of property and equipment, exploratory and development costs, and operations and deficit present fairly the financial position of the company at December 31, 1961 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Toronto, Ontario.
March 28, 1962.

DELOITTE, PLENDER, HASKINS & SELLS
Chartered Accountants.

# PERUVIAN OILS & MINERALS, LIMITED

## THE DIRECTORS

JOHN J. COYLE — Dallas, Texas. Independent Oil Producer, President of Gas & Oil Managers Inc.

CARROL DEELY — Dallas, Texas. President of Drilling and Services Inc., a diamond coring company in the oil industry.

D'ARCY M. DOHERTY, O.B.E. — Toronto, Ontario. Partner of Doherty Roadhouse & Co., Member of the Toronto Stock Exchange.

JOSEPH J. RANKIN — Toronto, Ontario. Executive, President of Ranworth Explorations Limited.

ROBERT F. RITCHIE — Dallas, Texas. Partner of Ritchie, Ritchie & Crosland, Attorneys-at-law.

SIDNEY H. ROBINSON — Toronto, Ontario. A senior partner of Holden, Murdoch, Walton, Finlay, Robinson & Pepall, Barristers & Solicitors.

THEODORE E. SWIGART — Houston, Texas. Petroleum Engineer, Chairman of the Board of North Central Oil Corporation, Houston, Texas.

# MARCHANT MINI

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## Balance Sheet as

(WITH 1960 FIG

## ASSETS

| | 1961 | 1960 |
|---|---|---|
| **Current Assets:** | | |
| Cash | $ 6,217 | $ 9,047 |
| Accounts receivable | — | 60 |
| Prepaid expense | 125 | 125 |
| Total current assets | 6,342 | 9,232 |
| **Investment in Marbridge Mines Limited, 50% Owned Company:** | | |
| 1,500,000 shares — at cost | 119,039 | 119,039 |
| Advance | 154,105 | 154,105 |
| | 273,144 | 273,144 |
| **Investment in Marmattagami Mines Ltd.:** | | |
| 150,000 shares — at cost | 8,279 | 8,279 |
| Advance | 1,213 | 477 |
| | 9,492 | 8,756 |
| **Mining Claims held under development licences** — at cost (acquired for cash) | 1,397 | 1,397 |
| **Interest in oil and gas permits in the Mackenzie Mining District** — at cost | 129 | 129 |
| **Equipment** — at cost | 4,964 | 4,964 |
| **Deposit — Province of Quebec Securities Commission** — at cost | 963 | 963 |
| **Promotional, Exploratory and Development Costs** | 64,638 | 60,276 |
| TOTAL | $361,069 | $358,861 |

The accompanying notes a

# COMPANY LTD.

ity)

HE PROVINCE OF QUEBEC)

## ecember 31, 1961

COMPARISON)

## LIABILITIES

| | 1961 | 1960 |
|---|---|---|
| **Current Liabilities:** | | |
| Accounts payable and accrued charges | $ 4,118 | $ 4,930 |
| Note payable to parent company — Peruvian Oils & Minerals, Limited, 6% | 30,000 | 30,000 |
| Total current liabilities | 34,118 | 34,930 |
| **Capital Stock (See Notes):** | | |
| Authorized — 5,000,000 common shares of a par value of $1 each | | |
| Issued and outstanding — 2,640,005 shares (1960 — 2,600,005 shares) | 392,505 | 382,505 |
| **Deficit:** | | |
| Balance beginning of year | (58,574) | (59,064) |
| Add expenditure on abandoned projects | (6,980) | — |
| | (65,554) | (59,064) |
| Less adjustment of expenditures previously written off | — | 490 |
| Balance end of year | (65,554) | (58,574) |

( ) Denotes deduction.

Signed on behalf of the Board:

J. J. RANKIN, Director

R. L. SEGSWORTH, Director

| | | |
|---|---|---|
| TOTAL | $361,069 | $358,861 |

ral part of this statement.

# MARCHANT MINING COMPANY LTD.

(No Personal Liability)

## Statement of Promotional, Exploratory and Development Costs

FOR THE PERIOD FROM INCEPTION ON FEBRUARY 6, 1957 TO DECEMBER 31, 1961

| | Balance December 31, 1960 | Expenditure during 1961 | Balance December 31, 1961 |
|---|---|---|---|
| **Exploration and Development Expense:** | | | |
| Diamond drilling | $10,244 | $ — | $10,244 |
| Geophysical surveying | 11,548 | — | 11,548 |
| Engineers' and geologists' fees | 4,486 | — | 4,486 |
| Salaries and wages | 16,762 | — | 16,762 |
| Travel and transportation | 21,386 | — | 21,386 |
| Telephone, telegraph, postage and bank charges | 443 | — | 443 |
| Licences, fees, maps and prints | 1,674 | 180 | 1,854 |
| Maintenance of equipment | 1,653 | — | 1,653 |
| Supplies | 4,234 | — | 4,234 |
| Other development expenses | 3,465 | — | 3,465 |
| Sub-total | 75,895 | 180 | 76,075 |
| Less expenditure on abandoned projects written off | 57,755 | 6,980 | 64,735 |
| Total exploration and development expense | 18,140 | (6,800) | 11,340 |
| **General and Administrative Expense:** | | | |
| Director's salary | 6,000 | 2,800 | 8,800 |
| Other salaries and wages | 4,363 | 3,000 | 7,363 |
| Engineers' retainer | 4,263 | — | 4,263 |
| Travel and transportation | 378 | — | 378 |
| Rent | 1,930 | 1,370 | 3,300 |
| Telephone, telegraph, postage and bank charges | 337 | 31 | 368 |
| Legal and audit | 13,275 | 1,018 | 14,293 |
| Transfer agency | 1,712 | 308 | 2,020 |
| Reports to shareholders | 2,571 | 217 | 2,788 |
| Prospectus | 3,918 | — | 3,918 |
| Interest | 3,749 | 1,830 | 5,579 |
| Other general expense | 2,211 | 618 | 2,829 |
| Total general and administrative | 44,707 | 11,192 | 55,899 |
| **Total Costs** | 62,847 | 4,392 | 67,239 |
| Less miscellaneous income | 2,571 | 30 | 2,601 |
| **Promotional, Exploratory and Development Costs** | $60,276 | $ 4,362 | $64,638 |

( ) Denotes deduction.

The accompanying notes are an integral part of this statement.

# MARCHANT MINING COMPANY LTD.

(No Personal Liability)

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1961

1. Capital Stock Issued and Outstanding:

| | 1961 | 1960 |
|---|---|---|
| Shares issued for mining claims in 1957: | | |
| 1,175,000 shares less $1,057,500 discount on issue | $117,500 | $117,500 |
| Shares issued for cash: | | |
| Balance beginning of year — 1,425,005 shares less $1,160,000 discount on issue (1960 — 1,125,005 shares less $905,000 discount on issue) | 265,005 | 220,005 |
| Issued during the year — 40,000 shares less $30,000 discount on issue (1960 — 300,000 shares less $255,000 discount on issue) | 10,000 | 45,000 |
| Balance end of year — 1,465,005 shares less $1,190,000 discount on issue (1960 — 1,425,005 shares less $1,160,000 discount on issue) | 275,005 | 265,005 |
| Total shares issued and outstanding end of year — 2,640,005 shares less $2,247,500 discount on issue (1960 — 2,600,005 shares less $2,217,500 discount on issue) | $392,505 | $382,505 |

2. Options granted to certain executive officers and directors of the company to purchase 160,000 shares at 25¢ each and 100,000 shares at 45¢ each are outstanding and expire October 31, 1962 and December 1, 1962 respectively, provision being made for termination of a portion of the options in certain circumstances.

3. Of the 1,175,000 shares issued in 1957 at 10¢ each for mining claims, 855,650 are held in escrow subject to direction by the Securities Commissions of Ontario and Quebec and the directors of the company.

# MARCHANT MINING COMPANY LTD.

(No Personal Liability)

## Auditors' Report

To the Shareholders of
Marchant Mining Company Ltd.:

We have examined the balance sheet of Marchant Mining Company Ltd. (No Personal Liability) as at December 31, 1961 and the statement of promotional, exploratory and development costs for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statement of promotional, exploratory and development costs are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1961 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DELOITTE, PLENDER, HASKINS & SELLS

Toronto, Ontario.
January 11, 1962.

Chartered Accountants.


International Petroleum Company Limited
TUMBES
ZORRITOS
ZARUMILLA
Irrigation Project
LOS ORGANOS
LOBITOS
TALARA
EGRITOS
NORTHERN BLOCKS
PAITA
PIURA
SECHURA DESERT
POSSIBLE ROUTE OF PIPELINE
JAEN
BELLAVISTA
OLMOS
MOYOBAMBA
YURIMAGUAS
CHACHAPOYAS
TARAPOTO
LAMBAYEQUE
CHICLAYO
ETEN
CAJAMARCA
PACASMAYO
PERU
TRUJILLO
SALAVERRY
Chimbote Steel Mill
HUALLANCA
CHIMBOTE
CASMA
HUARAS
HUARMEY
PARAMONGA
PAN AMERICAN HIGHWAY
Cerro de Pasco Copper Corporation
HUANUCO
Pachitea R.
GOYLLARISQUIZGA
CERRO DE PASCO
CANTA
TARMA
OROYA
HUARAL
YAULI
JAUJA
CALLAO
LIMA
HUANCAYO
HUANCAVELICA
AYACUCHO
ANDOAS
Morona R.
Pastaza R.
Napo R.
Tigre R.
IQUITOS
NAUTA
Marañon R.
REQUENA
Ucayali R.
NORTH—CENTRAL BLOCKS
SOUTH—CENTRAL BLOCKS
CONTAMANA
NINE MILE PIPELINE TO UCAYALI RIVER.
Huallaga R.
SOUTHERN BLOCKS
PACHITEA CONCESSIONS
PUCALLPA
AGUA CALIENTE
TINGO MARIA
POSSIBLE ROUTE OF PIPELINE
PUERTO PARDO
PERENÉ COLONY
MINERAL EXPLORATION CONCESSIONS (COMPANIA MINERA TORONTO).
Legend
OIL WELLS
REFINERIES
HIGHWAYS
RAILWAYS
KEY TO PROPERTIES
PERUVIAN OILS & MINERALS LIMITED
OTHER COMPANIES